EXHIBIT 13

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CIN: A-06-97-00052

RECORD OF DISCUSSION

DATE: March 20, 1997

PLACE: Medicaid Pharmacy Administrators Symposium
Asheville, NC

TIME: 2:00 pm

PARTICIPANTS:

1 Elizabeth Geary, Connecticut Dept. of Social Services
2 Pat Gladden, Texas Dept. of Health
3 Marvin Hazelwood, Illinois Department of Public Health
4 Bob Reid, Ohio Dept. of Human Services
5 Benny Ridout, North Carolina Dept. of Human Resources
6 David Shepherd, Virginia Dept. of Medical Assistance
7 M. J. Terrebonne, Louisiana Dept. Of Health and Hospitals
8 Jerry Wells, Florida Medicaid Office of Pharmacy Services
Paul Chesser, HHS-OIG

DISCUSSION:

The purpose of this meeting was to get input from State Medicaid pharmacy representatives concerning rebates based on AWP rather than AMP. All State officials attending this meeting expressed support for the idea of basing rebates on AWP but were unsure how easily it could be done. They believed that basing rebates on AWP would result in AWP becoming a meaningful number on which they could base reimbursement. They also thought that those drug manufacturers that play games with AWP (overstate AWP for marketing purposes) would immediately lower their AWPs to a more realistic level. They pointed out some possible problems and concerns related to this issue:

- The percentage difference between AWP and AMP varies widely from manufacturer to manufacturer.
- Manufacturers may not always establish AWP. There may be instances where the wholesalers actually set the AWP.
- Any legislative change to the rebate legislation could result in the drug manufacturers pressuring Congress to lower or eliminate drug rebates.

Despite these problems and concerns, the State officials were in favor of pursing rebates based on AWP. They wondered if the definition of AMP could be changed by HCFA without any additional legislation. They suggested that HCFA could merely change to definition of AMP to

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AWP less some percentage. The percentage most talked about was 20 percent, as we informed them that a preliminary analysis of AMP versus AWP had shown that the difference between them was about 20 percent. They thought by changing AMP to AWP minus 20 percent would allow States to keep their current reimbursement methodology.

State officials stated that if legislative changes were required to convert to rebates base on AWP that another issue to address would be entry level pricing. The officials believe that new drug pricing (drug manufacturers setting new drug prices at unreasonable levels) is a problem and could become a bigger problem in the future.

Some officials also thought we should do away with rebates for generic drugs while other officials did not want to.

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